

HEALTH CARE LAW OFFERS NEW INSURANCE OPTIONS FOR SMALL EMPLOYERS

The new Health Insurance Marketplace opening on October 1 offers new coverage options and, in many cases, savings on premium costs not only for individuals, but for small employers as well.

The Small Business Health Options Program—SHOP—gives small employers a choice of quality, brand name insurance plans, as well as the ability to compare them side-by-side so that they can choose and enroll in the one that works best for their budget, their business and their employees.

Small employers who buy insurance through the SHOP may also qualify for a tax credit worth up to 50 percent of the employer's premium costs (up to 35 percent for tax-exempt employers.) Detailed information on the SHOP Marketplace is available at HealthCare.gov.

The new health law and small employers

There is no requirement under the new health care law for small employers with fewer than 50 employees to offer health insurance, nor is there any penalty for those small employers who do not offer employee health insurance.

Instead, the law offers small employers a range of new options, tools and protections, and for many, tax credits, to help those would like to or already offer employee health coverage.

These new options, tools and protections address many of the obstacles that have traditionally made it difficult for these employers to offer employee health benefits. Small employers have historically had to contend with few choices, high administrative costs and premiums that skyrocket when an employee has a pre-existing health condition, or gets sick or injured.

Now, the SHOP Marketplace offers small employers a choice of quality, brand-name plans, cuts through the clutter, and lets employers make apples-to-apples comparisons. By helping small employers make more informed choices, the SHOP helps spur competition between insurance companies.

And new rules help make sure that insurers compete based on price and quality, rather than by avoiding risks.

Starting in 2014, insurance companies can no longer sell coverage that charges higher rates or limits benefits to individuals based on a preexisting health condition or the individual's health status. For small employers, this means that insurers can't sell coverage to the business that comes with higher premiums just because an employee has a pre-existing condition, or because an employee gets sick or injured.

Tax Benefits

Already, since it began in 2010, the Small Business Health Care Tax Credit has helped defray premium costs for hundreds of thousands of small employers. The credit is for employers—including non-profit employers—with 25 or fewer full-time-equivalent employees whose average wages are \$50,000 or less. The credit for tax years 2010-2013, is worth as much as 35 percent of the employer's premium payments (or as much as 25 percent for non-profit employers.)

In 2014, the value of tax credit rises, and is worth as much as 50 percent of an employer's premium payments. Starting in 2014, the credit is also available only to those buying coverage through the SHOP Marketplace.

How to buy coverage through the SHOP

SHOP opens for business on October 1, 2013 and small employers will be able to apply to participate in the SHOP and preview available plans and premiums in their area. In November, small businesses will be able to shop online, compare and offer their employees a qualified health plan and, if available, a stand-alone dental plan for coverage. Employers will also have the option to offer coverage to employees' dependents. Small employers who enroll before December 15th can have coverage that will be effective as early as January 1, 2014.

After December 15, 2013, small employers can enroll in insurance plans online through the SHOP year-round. Those who enroll by the 15th day of any month will receive coverage effective on the first day of the following month. Those applying from the 16th day of a month through the end of the month can get coverage effective on the first day of the second following month. For example, a business enrolling on January 16th would have coverage effective March 1.

Small employers can use the SHOP to buy insurance on their own or with the help of an agent, broker, or other assister who meets Marketplace registration and training requirements. Help is also available through the toll-free SHOP Small Employer Call Center at 1-800-706-7893 Monday through Friday from 9 a.m. to 5 p.m. ET. Starting October 1, the call center will stay open until 7 p.m. ET, Monday through Friday.

###